

Latest FIICA survey shows business confidence declines

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1. Introduction

The Forest Industry Contractors' Association business confidence survey was carried out in February 2019, when 48 logging contractors were contacted. Participants were asked five questions relating to their business intentions over the next six months. Our thanks to all those contractors who took the time to participate in the survey.

2. Logging contractor responses

a. Business conditions

"Do you think conditions for your business are going to improve, stay the same or get worse in the next six months?"

Get worse	Same	Get better
7	27	14

b. Employees

"Are you likely to increase, maintain, or decrease number of employees over the next six months?"

Decrease	Same	Increase
4	31	13

c. Spending on capital equipment

"Are you likely to be purchasing new machinery or equipment over the next six months, no plans to buy any equipment, or selling?"

Sell	No purchase	Buy replacement	Buy expansion
3	10	21	14

d. Feedback from customers

"Do you receive adequate information from your major customers so that you can plan for change in your business?"

Not enough	About right	Well informed
9	4	35

e. Recommendation

"Would you recommend your industry as a good place to work?"

Not recommend	Neutral	Recommend
3	3	42

Commentary on the five business confidence measures

- Overall, there has been a slight decline in business confidence since the July 2018 survey with 70% respondents expecting conditions for their business to either stay the same or get worse over the next six months.
- 28% of contractors are expecting to increase the number of employees over the next six months. A significant proportion (64%) of contractors indicated that they would be maintaining the same number of employees.
- Contractor's attitudes to investment in machinery and equipment have remained much the same since the July 2018 survey with 73% indicating they would be purchasing for either replacement or expansion.
- 73% of logging contractors believe they receive adequate information and feedback from their major customers. However, 19% believe they are not well informed and that feedback was inadequate, up from 15% in the previous survey.
- 87% of contractors would recommend the industry as a good place to work.

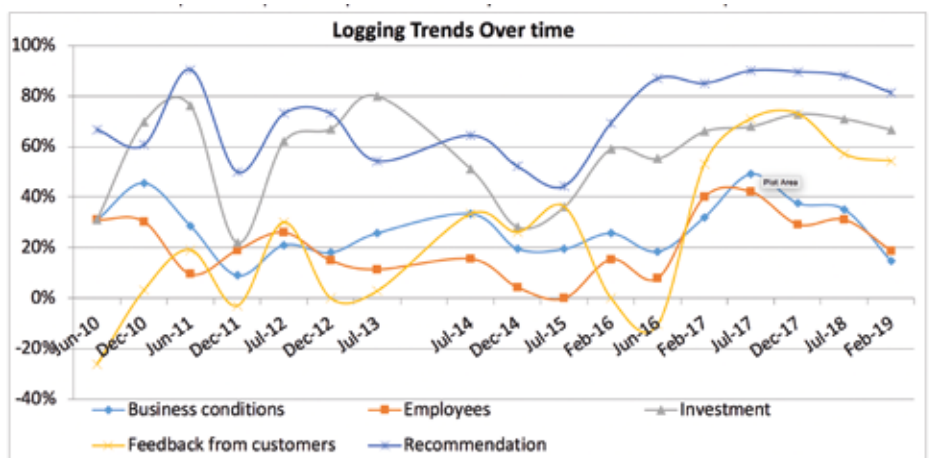
Trends in logging contractor business confidence (Jun 2010 to February 2019)

The % net positive response rate provides a summary of business confidence for the period.

Note: the % net positive response is calculated as (% of respondents giving an optimistic response, minus the % of respondents giving a pessimistic response).

Trends over time

Business confidence of logging contractors has declined since the July 2018 survey, with the score for overall business conditions dropping to 15% – the lowest level since December 2011. There was also a marked decline in the net positive scores for 'employees' to 19%, reflecting a lower number of respondents expecting



to increase the amount of employees in their business over the next six months. There has been a small decrease in the net positive scores for 'investment', 'recommendation' and 'feedback from customers'. 'Recommendation'

has decreased from 88% to 81% since the previous survey. 'Feedback from customers' has decreased by 3% indicating that slightly fewer respondents believe they receive adequate information from their major customers. (NZL)